



**Registered Charity No. 280681
Company Number: 1505753**

**St Luke's Hospice Plymouth
Consolidated Financial Statements
Year Ended 31 March 2007**

St Luke's Hospice Plymouth

Consolidated Financial Statements

Year Ended 31 March 2007

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St Luke's Hospice Plymouth Board of Trustees and Advisors

Year Ended 31 March 2007

Trustees

Mr G Price
Mrs L Wild
Mr R F Purssell
Mr F J W Hodgson (resigned 16/06/2007)
Mrs C E Easton (resigned 12/06/2007)
Dr M Taylor
Mrs F Derry-Thomas
Mrs M Billing
Mrs D Cavanagh (resigned 14/11/2006)
Mrs J Dyson
Mrs A Broad (appointed 11/07/2006)
Mr S Elford (appointed 09/01/2007)

Company Secretary

Mrs S A Taylor

Auditors

Francis Clark
Chartered Accountants
North Quay House
Sutton Harbour
PLYMOUTH
PL4 0RA

Registered Office

St Luke's Hospice
Stamford Road
Turnchapel
PLYMOUTH
PL9 9XA

Registered Company Number

1505753

Registered Charity Number

280681

Solicitors

Wolferstans Solicitors
Deptford Chambers
60/64 North Hill
PLYMOUTH
PL4 8EP

Serpell Eaton Solicitors
7 The Crescent
PLYMOUTH
PL1 3AB

Bankers

HSBC
4 Old Town Street
PLYMOUTH
PL1 1DD

Investment Managers

Gerrard Investment Management
Plym House
3 Longbridge Rd
PLYMOUTH
PL6 8LT

St Luke's Hospice Plymouth

Board of Trustees' Report

Year ended 31 March 2007

The Council presents its report and the audited consolidated financial statements for the year ended 31 March 2007. The accounts have been drawn up in accordance with appropriate statutory regulations, the company's Memorandum and Articles of Association and Statement of Recommended Practice – Accounting and Reporting by Charities (issued March 2005) ('SORP').

1. Structure, governance and management

St Luke's Hospice Plymouth is a company limited by guarantee and not having a share capital. It was incorporated on 29th May 1980. It is a charity registered in England. The maximum liability of each member on the winding up of the company is £1.

Organisation of the Charity

There are currently 24 members of the Association of the Hospice. Individuals must sign a consent form on becoming a member. Every member shall further, to the best of their ability, the objects, interests and influence of the Association. The Trustees are appointed from the members of the Association. Full responsibility for the running of the Charity is vested in the Trustees, who by reason of the incorporation of the Charity, are also Directors of the Company. The Trustees can appoint from the membership to fill any vacancy that arises until the next AGM. There is an induction programme and pack for new trustees in line with Charity Commission good practice and trustee training needs are reviewed annually.

Governance

The Board of Trustees is the Governing Body. This body consists of the Trustees. The company secretary (who is the Hospice Chief Executive), and other nominated senior executives act as ex officio members. The Board meets to agree business plans and annual operating plans and to monitor performance against them. It sets the ethos, aims, policies and limits of authority. It appoints and provides support and direction to its senior executives, the Board of Management and has a formally agreed Governance policy that is reviewed annually. The Hospice was inspected by the Healthcare Commission in the year as part of its annual inspection programme.

Chair	Mr G Price
Vice Chair	Mrs L Wild ACA
Hon Treasurer	Mrs L Wild ACA
Principal employees:	
- Chief Executive	Mrs S Taylor BSc FCA
- Medical Director	Dr M Burnell-Nugent MA MB.B.Chir.
- Director of Hospice Services	Mrs F Dee RGN BSc
- Director of Community Services	Mr G Lillie RGN RMN BSc. MSc
- Director of HR & Staff Development	Mr Steve Statham FCIPD
- Director of Finance and Trading	Mr Andrew Holland ACMA
- Director of Fundraising and Communications	Vacant

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

Trustees

The following Trustees, who are also Directors, served during the year:

Mr R F Purssell	Dr M Taylor
Mr F J W Hodgson (resigned (16/06/2007))	Mrs L Wild
Mr G Price	Mrs J Dyson
Mrs C E Easton (resigned 12/06/2007)	Mrs M Billing
Mrs D Cavanagh (resigned 14/11/2006)	Mrs F Derry-Thomas
Mrs A Broad (appointed 11/07/2006)	Mr S Elford (appointed 09/01/2007)

2. Objectives and activities

Objects of the Charity

The principal object of the charity is to promote the relief of sickness amongst people suffering from terminal illness.

Strategic goals

1. Ensure good Specialist Palliative Care for all who need it
2. Support good General Palliative Care for all who need it
3. Provide responsive services, both for the community and the individual
4. Modernise relationship with the NHS and other stakeholders
5. Increase resources into End of Life Care
6. Achieve Best Practice professionalism across the organisation

Our vision

- Our service will be caring and holistic. We will be honest and we will respect and listen to our patients and their carers, treating everyone with courtesy, kindness and empathy. We will be passionate and visionary. We will strive at all times for a quality service that uses resources well.

Our mission is to ensure that

- There is equitable access to palliative care health services across the Plymouth Health Community Area and patients receive high quality palliative care services wherever they enter the system
- There is a comprehensive range of hospital, hospice and community services on offer
- There is a seamless interface between the different services and organisations as patients' needs change
- Treatment of all patients is fair regardless of their background or diagnosis
- We strive to reach more patients with palliative care needs, including patients without malignancy, without compromising quality
- We extend the range of services for carers, including bereavement counselling
- We continue to provide holistic care by extending the support offered to carers.
- We provide care services, which are tailored to meet the personal requirements of our patients and carers.

OUR VALUES mean that we will:

- Use the skills and knowledge of our staff to bring about improvements to services
- Be ambitious for our population
- Challenge and change existing practice
- Recognise that we are operating in a changing environment and adapt to, and embrace, those changes
- Not lose sight of the values that have been core to our care since the beginning
- Have the courage to do things differently
- Encourage patients and carers to tell us their experiences and involve them in improving our services.
- Ensure patients and carers are well informed about available choices and influence service development

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

- Be an open organisation
- Be committed to making decisions close to service delivery (as far as practicable)
- Shift the balance of services to patients' homes, considering quality and value for money
- Maximise the resources available to us in respect of both staff and money, to achieve the best results for patients
- Value and empower staff
- Help staff realise their potential through personal development
- Create a culture of mutual respect
- Be a learning organisation, encouraging innovation, risk taking, research, evaluation and the spread of good practice.

Our Mission and Values can be summarised as:

"Fairness" "Helping" "Evolving" "Listening" "Professionalism"

The services we provide

Patients, for whom curative treatment is not possible, need active, total care, by a multi-professional team; who will consider their physical, emotional, social and spiritual symptoms. This care is called "specialist palliative care". In addition to paid staff, patients are supported by a team of over 750 volunteers.

St Luke's Hospice Plymouth the charity has worked hard over the years to ensure terminally ill patients receive good care in the local area, regardless of which organisation is caring for them. One result of this work is that the charity now manages specialist palliative care services for the local NHS. This overall Service, St Luke's Services, has been summarised into five areas for the purpose of the accounts, as below.

Inpatient Care

Our 20 bed in-patient unit lies at the centre of our activities. Patients stay on average 11 days. A multi-disciplinary team provides comprehensive care, both to provide terminal care (under half our admissions), and to bring symptoms under control, enabling patients to return to their homes or to nursing care. Social work support, Physiotherapy, Occupational Therapy, Spiritual care, and Complementary therapies are provided for patients and their families.

Community Services

The **St Luke's Community Specialist Palliative Care Service** is a multi-disciplinary service offering home based support and advice on pain and symptom management and giving emotional and psychological support to people with cancer or life threatening illnesses, and their families. The **Day Hospice service** provides support to patients with life threatening illness, offering access to advice, activities, emotional and social support, complementary therapies, respite for carers and other support such as hairdressing and chiropody. **St Luke's Befriending Service** offers companionship and emotional and practical support to patients and families at home. The **St Luke's Marie Curie Service** provides palliative nursing care support to patients and their carers at home.

Hospital Services and medical outpatients

The **Hospital Specialist Palliative Care team** provides specialist support and advice at Derriford Hospital. This service is largely funded by Plymouth Hospitals NHS trust. Medical outpatient services are offered at Pearn, and at the Hospice site, including Medical led Pain and Palliative Care Clinics.

Education

Education of non-Hospice staff takes place throughout the Hospice, including placements for medical students, student nurses, Specialist Registrars, SHOs, other visitors (for example social workers) and work experience. We also provide specialist courses for health care professionals and provide education work into schools. In addition we employ two posts to roll out the Liverpool Integrated Care Pathway (**LICP**), one based at the Hospital and the other based in the community. The latter post is funded by Macmillan Cancer Support.

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

Other Clinical Support

The **Outreach ("Triangle") Centres** are run in conjunction with the Mustard Tree (Plymouth Hospitals NHS Trust) and the Primary Care Trusts (Cornwall PCT and Devon PCT). They offer a drop-in service providing support for patients who are seeking advice or support with their illness, including complementary therapies. Three centres operated during the year running one day a week each at Tavistock, Kingsbridge and Liskeard. The **Lymphoedema service** provides specialist care both for palliative care patients (charity funded) and for non-palliative care patients (NHS funded). A **Bereavement Service** is offered to the loved ones of all patients cared for by St Luke's. Outpatient appointments for **Complementary Therapies** are also available to patients and carers.

3. Achievements and performance

Key activities

		2007	2006
In Patient Care			
In patient Hospice care	patients	380	356
	admissions	492	461
	deaths	227	209
	discharges	270	249
	occupied bed days	5,287	5,499
	average length of patient stay (days)	11.0	12.4

Community Services

Community SPC service (*)	patients	1,053	1,039
	patient visits	5,986	7,007
	patient/carer phone calls	15,469	15,705
	professional liaisons	14,488	13,522
Marie Curie Service (*)	patients	268	235
	patient visits	1,782	1,826
Day Care Service	patients	74	114
	attendances	1081	1370

Hospital Services and Medical Outpatients

Hospital SPC service (*)	patients	705	636
	support contacts	3,162	2,296
Hospital Outpatients	patients	119	88
	appointments	121	104
Other medical outpatients	appointments	379	494

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

		2007	2006
Other Clinical support			
Bereavement Support	contacts (including telephone calls)	834	859
Outreach clinics (*)	clients	194	128
	attendances	1,355	758
Lymphoedema	patients	297	256
	Palliative care appointments	317	700
	NHS contracted appointments	806	411

Some of the costs of the services marked with an asterisk (*) are incurred by the local Health Trusts and by Marie Curie Cancer Care.

Review of 2006/07 – targets

- LICP - to be rolled out to 3 hospital wards and 4 GP practices by March 2007:** LICP rolled out to 5 GP surgeries, and appointment of coordinator happened in September
- Integrated patient record system - to be investigated and a costed proposal by March 2007:** Work is under way to use Palcare for all services from April 2007
- Pearn – established as base for Community Services, Outpatients, Lymphoedema and Day Hospice by March 2007:** This has been achieved
- Culture – implementation of pay modernisation structure and standardisation of the terms and conditions of employment by March 2007:** Job evaluation completed for all roles, pay modernisation structure introduced, and PCT specialist nurses seconded into St Luke's Services
- Common Branding – clear budgets and agreed line management by March 2007:** Achieved

Review of 2006/07 – key developments

- Agreements are in place to formalise the arrangements so that St Luke's is now the provider of Hospital and PCT Specialist Palliative Care services. The NHS bodies, in partnership with the St Luke's trustees are now the commissioners of the service, each responsible for ensuring the appropriate services are purchased with the funds they are responsible for.
- Integration of services is continuing with all staff working closer together and developing shared protocols, guidelines and services. There has been progress in changing culture and attitudes: evidenced by staff commitment to the integrated service and acceptance of Liverpool Integrated Care Pathway throughout the service.
- The move of all Community services, including Out-patients, to Pearn has been successfully completed and has enabled integration, improved efficiencies and easier working across the service.
- In order to develop fundraising capacity there has been a review of strategy resulting in recommendations to restructure the department.
- The 25th year celebrations have commenced and a Silver Appeal has been launched. This has started well with daily full pages in the Herald telling the stories of the staff, volunteers and patients of St Luke's.
- We have expanded the number of volunteers to over 750.
- Project SOS, a project designed for all staff to get involved in saving unnecessary costs and generating additional income, has been rolled out across the service and some potential savings have already been identified.
- Full pay modernization has been implemented. All jobs have been evaluated and allocated to the appropriate pay band. Work is progressing on Key Skills Frameworks to underpin this structure.

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

- The Community team's move to Pearn, has enabled the creation of two teams, each with a team leader. This has improved team working. Formal secondment from the NHS and a job title change for staff formerly referred to as Macmillan Nurses, to St Luke's Community Specialist Nurses, have been agreed.
- Integration of St Luke's Marie Curie, Home Support and Bereavement Support co-ordination is now complete. Work is nearing fruition on a new contract with The Primary Care Trust and Marie Curie that will allow us to maintain the current level of provision, improve partnership working and receive a contribution towards management of the service.
- The Liverpool integrated Care Pathway (LICP) community post holder was appointed in September, and LICP has been rolled out to 5 GP surgeries. Others are coming on line and further funding has been secured to continue the project.
- Contracts have been agreed enabling the delivery of a single Lymphoedema support service to cover the local area.
- The Day Hospice has been reviewed and redesigned. It is now operating at Pearn, using a Social model. This model is possible due to the expansion of medical Out-patient services, now also located at Pearn. This location provides a better service for patients.
- Recruitment and support of additional volunteers has enabled the delivery of CAM (Complementary and Alternative Medicine) services at Pearn as well as Turnchapel.
- The Outreach Service has been extended to Liskeard and there is now a weekly drop-in support service there.
- Increased level of service within South Hams has been achieved without having to increase expenditure, including the successful pilot of a domiciliary CAM service,
- Working relationships between the in-patient service and Social Services and Continuing Care teams have improved.
- The focus of the in-patient team has shifted away from length of stay to concentrate on the patient needs. The team has implemented MDT (Multidisciplinary team) notes. Day case admissions to the unit were available this year. There were 16 day case admissions (mainly for Pamidronate infusions) and this is a service we are considering for future development.
- The Bereavement Service has been reviewed and improvements are being implemented.
- The Hospital team is now successfully operating in the Hospital and funding has been secured to extend the LICP post enabling us to continue the educational support of the rollout of the pathway across the hospital wards.
- The Peninsula Medical School teaching is now a core element of the service and work continues on ensuring we are appropriately resourced to support the growing numbers of medical students. The medical team has also provided post-graduate education for other professionals.
- The Hospital team achieved a successful Cancer peer review report.
- The Hospice Shops now number 19 and improvements in management and systems implemented in the year have resulted in increased profitability (£72,000 increase on prior year).

4. Financial review.

This has been a tight year financially and the team has worked hard to control costs. This is reflected to some extent in the slight dip in some of the patient activity recorded in the year, - we have served more patients this year, but not as intensively. The charity costs have increased significantly in recent years - almost 15% increase per annum over the 5 years previous to this year. In 2006/07 the growth in service costs was 3.6%. The Cost of Generating Funds increased by 16%. Total income from all sources has increased by £633,000 (14%) in the year to £5,261,000.

Income generation

Fundraising: Following an increase in investment in fundraising, donation and gift income was up £35,000 (3%) on last year. Bequest income increased by £182,000 (30%).

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

Lottery: profit continued to dip in the year down from £219,000 to £208,000 despite a number of initiatives that increased total revenues. Since March 2006 weekly takings have increased and it is felt the increased investment will result in increased profit in future years.

Shops: The retail team achieved another year of strong profit growth, up from £290,000 in 2005/06 to £362,000 in 2006/07.

Grants: The Hospice has worked hard to achieve additional one off increases in grants this year, but is still awaiting a longer term commitment to higher funding levels.

Investment performance: Investments performed in line with benchmarks given the risk profile of the investments.

Other income: Additional monies were received in the year to pay for the support of Plymouth Medical Students and to second staff into the Hospital team and Community Specialist Palliative Care Team.

Expenditure

Of an overall increase in costs of £347,000 (7%), accommodation costs increased by £125,000 (26%) due to the opening of the Pearn site and increased utility charges. Further investment in generating funds was undertaken in the year, constituting the largest increase in costs. The Cost of Generating Funds has increased by £207,000 (16%) in the year. By comparison clinical staff costs increased by £30,000 (1.3%). The Hospice achieved cost savings in some areas such as office costs and travel costs.

The cost of volunteers

St Luke's Hospice is a charity that was founded by volunteers and it continues to rely on significant contribution from volunteers. The contribution of over 750 volunteers over the year was the equivalent of 133 full time staff. Based on the rates for the various jobs this would have cost the Hospice £967,000.

Surplus & funds

There was a deficit for the year of £83,000 before revaluation and disposal of investments. Total funds in the year fell by £31,000 to £5,405,000. The net cash inflow of £137,000 was boosted by the sale of the investment properties and unlisted loan stock. Restricted funds increased in the year following a £300,000 capital grant from Plymouth teaching Primary Care Trust. The combined Revenue Reserve and Unrestricted Funds, effectively the available funds, fell by £157,000 from £1,960,000 to £1,803,000. The movement in funds and an explanation of funds can be found in notes 16 & 17 to the accounts. The Reserves Policy can be found in the Governance section below.

5. Plans for future periods

Future strategy of St Luke's.

The Board of Management, the Board of Trustees and the integrated Service Board would like St Luke's Services to consolidate the financial position. This means we will be putting any further growth plans on hold until our income increases sufficiently to enable us to provide extra services. Our priority this year is to invest in the services we currently provide. We will be making sure that we spend the budgets in the most cost effective way possible: ensuring that every penny donated to us, given in grants, or allocated in NHS budgets, is best used to care for those we have set out to help. Throughout the year we will be working to ensure that we are well placed to maximise the income available, but we expect to dip further into charitable reserves to maintain existing services while we work to develop future income.

The first of the two key tasks for the year is the work we plan to do, lobbying the government and the local PCTs, to ensure an increased NHS contribution to the service. The second task is the development of fund-raising to enable us to generate an additional £500,000 each year towards our services. Once we have secured both sources of income we can protect existing services, rebuild reserves and develop some of the expanded services needed.

Last year was the first year we worked as a fully integrated service. By working closely with other organisations to achieve the same aims (helping those with life limiting illnesses) we have been moving towards a shared culture. The impact this has on the current practices ought to be minimal as our professionals already have excellent communications between themselves. One key project that is nearing fruition however is the upgrading of a shared patient record system to enable the whole team to access information to support a patient, wherever they are.

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

As an organisation we aim to keep in the forefront of changes, ensuring that our services are in line with best practice; whilst at the same time valuing and developing our staff and volunteers. Through investing in our people we hope to encourage and foster an environment of continuous learning. This can only further improve and ensure the excellence of the care and services we provide.

If we achieve all of this over the next year, we will have set the organisation up for the future enabling us to provide care wherever it is needed, to whoever needs it, whenever it is needed. That would truly be something to celebrate

Key targets for the 2007/08 financial year

1. Exert pressure on government and local NHS bodies to increase funding
2. Implement new Fundraising strategy to increase income
3. Embed coaching skills in the organisation
4. Implement Service Activity levels review and explanation process
5. Implement new bereavement strategy

Financial strategy

- We plan to dip further into reserves over the year to maintain services. A deficit of £608,000 is budgeted, leaving 3 months expenditure in free reserves by 31st March 2008.
- We will operate a tight expenditure budget aligned with the continued development of non-statutory income. We will continue close control of resources, keeping a constant watch on the level of deficit and level of reserves.
- Assuming there is no evidence of additional funds by April 2008, options will be in place to reduce services in order to cut spend.

Investments

Investments held by the Charity have been acquired in accordance with the powers available to the Trustees. The investment policy is to achieve a balanced return from income and capital, but with a greater emphasis on capital growth over the longer run, subject to a medium degree of risk. The hospice will not hold investments that are deemed by the trustees to be either I) contra to the Objects of the Charity; or II) held in such strong disregard by the Hospice's stakeholders that investing in them might materially reduce fundraising income. Currently direct investment in Tobacco companies is proscribed. Two investment (domestic) properties were sold in the 2006/07 financial year.

Risks

Organisational Risk was reviewed by both the Board of Management and the Trustees in the year as part of the Hospice Governance process. The budget deficit remains the most pressing issue and a number of risk management actions have been taken in the year around this. Our communication and fundraising activities have been strengthened and refocused to ensure the right messages are getting through. However, there remains a lack of clarity around how and to what extent the government intends to fund Hospice services.

Other significant areas of risk continue to be managed. These include: Health and Safety, Internal Financial Risk, Reliance on legacies, Staff resourcing, Clinical risk to patients, Disaster planning, Value for money.

Reserves policy

The Hospice aims to meet its charitable objects both in the short term and over the longer term. In order to avoid the need to make sudden large adjustments in the level of care provided in response to sudden dips or surges in income the Hospice aims to hold some funds in reserve.

The trustees aim to hold six months' budgeted running costs less directly allocated costs of generating funds in reserves. When these funds are available they are designated as a Revenue Reserve. When these funds fall short of the six-month target the Hospice will re-assign non-committed funds in from other designated funds.

St Luke's Hospice Plymouth

Board of Trustees' Report (continued)

For the 2007/08 financial year the trustees will allow free reserves to drop to 3 months of service running costs. The trustees will continue to review the situation throughout the year.

There are two other funds that have been designated by the trustees, though both currently have nil balances:

- a Foundation Fund to cover future planned buildings work
- a Care for Patients at Home Fund to provide start up funding (usually for a 3-year period) for specific new services in the community.

Auditors

A resolution to re-appoint Francis Clark as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

By order of the Board

G Price
Chair

7 August 2007

St Luke's Hospice Plymouth

Statement of Trustees' Responsibilities

Year Ended 31 March 2007

Law applicable to Charities in England requires the officers to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the officers should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its operations.

The officers are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with applicable Law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

St Luke's Hospice Plymouth

Independent Auditors' Report

Year Ended 31 March 2007

We have audited the financial statements of St Luke's Hospice Plymouth for the year ended 31 March 2007, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Trustees' (who are also directors of St Luke's Hospice Plymouth for the purposes of company law) responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 March 2007 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' report is consistent with the financial statements.

Francis Clark, Chartered Accountants
PLYMOUTH

9 August 2007

Registered Auditors

St Luke's Hospice Plymouth

Consolidated Statement of Financial Activities

(Incorporating Income and Expenditure Account & Statement of Recognised Gains & Losses)

Year Ended 31 March 2007

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 (restated) £
Incoming resources						
Incoming resources from generated funds						
Voluntary income:						
Donations and gifts		968,059	-	137,690	1,105,749	1,072,041
Bequests		791,678	-	-	791,678	609,072
Activities for generating funds:						
Shops		1,222,667	-	-	1,222,667	1,043,047
Lottery		407,873	-	-	407,873	395,851
Investment income	3	47,716	-	-	47,716	67,943
Incoming resources from charitable activities:						
Public sector funding	2	510,239	-	831,747	1,341,986	1,180,006
Other Income		213,348	-	130,000	343,348	259,873
Total incoming resources		4,161,580	-	1,099,437	5,261,017	4,627,833
Resources expended						
Cost of generating funds:						
Shops		857,165	-	-	857,165	752,428
Lottery		215,923	-	-	215,923	192,847
Fundraising & publicity		406,611	9,343	7,265	423,219	343,500
Charitable activities:						
In patient care		2,111,900	57,876	48,476	2,218,252	2,127,431
Community Services		379,871	26,166	495,015	901,052	990,271
Hospital Services & Medical						
Outpatients		171,621	4,565	3,878	180,064	131,990
Education		53,254	12,058	167,736	233,048	155,101
Other clinical support		182,724	6,961	89,334	279,019	274,024
Governance costs		33,683	1,301	977	35,961	28,968
Total resources expended	5	4,412,752	118,270	812,681	5,343,703	4,996,560
Net (outgoing) / incoming resources for the year before transfers		(251,172)	(118,270)	286,756	(82,686)	(368,727)
Transfer between funds		38,656	(38,656)	-	-	-
Net (outgoing) / incoming resources		(212,516)	(156,926)	286,756	(82,686)	(368,727)
Gains and losses on investment assets		51,562	-	-	51,562	194,844
Net movement in funds		(160,954)	(156,926)	286,756	(31,124)	(173,883)
Funds at 1/4/2006 as restated		433,369	3,873,306	1,129,162	5,435,837	5,609,720
Funds at 31/03/2007		272,415	3,716,380	1,415,918	5,404,713	5,435,837

St Luke's Hospice Plymouth

Balance Sheet

31 March 2007

	Notes	Group		Charity	
		2007 £	2006 (restated) £	2007 £	2006 (restated) £
Fixed assets					
Tangible	10	3,560,848	3,491,075	3,519,144	3,439,663
Investments	11	887,538	1,197,563	887,540	1,197,565
		4,448,386	4,688,638	4,406,684	4,637,228
Current assets					
Stocks	12	8,608	6,012	2,600	1,500
Debtors	13	358,232	278,036	480,298	535,365
Cash at bank and in hand		905,762	768,804	766,641	499,666
		1,272,602	1,052,852	1,249,539	1,036,531
Creditors: amounts falling due within one year	14	316,275	305,653	233,409	230,512
Net current assets		956,327	747,199	1,016,130	806,019
Total assets less current liabilities		5,404,713	5,435,837	5,422,814	5,443,247
Funds					
Unrestricted funds:					
Revaluation reserve	15	271,804	433,019	271,804	433,019
General funds	16	18,712	7,760	18,712	7,760
Non-charitable trading funds	16	(18,101)	(7,410)	-	-
Designated funds	16	3,716,380	3,873,306	3,716,380	3,873,306
Restricted funds	16	1,415,918	1,129,162	1,415,918	1,129,162
		5,404,713	5,435,837	5,422,814	5,443,247

The consolidated financial statements on pages 13 to 28 were approved by the Trustees on 10 July 2007 and were signed on its behalf by:

G Price, Chairman

L Wild ACA, Honorary Treasurer

St Luke's Hospice Plymouth

Consolidated Cash Flow Statement

Year Ended 31 March 2007

	Notes	2007 £	2006 (restated) £
Net cash inflow / (outflow) from operating activities	23	88,877	(165,993)
Returns on investments and servicing of finance			
Interest received		19,893	35,585
Investment income received		27,823	32,358
Net cash inflow from returns on investments and servicing of finance		47,716	67,943
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(361,222)	(293,921)
Purchase of investments		(40,232)	(178,633)
Sale of investments		401,819	152,574
Sale of fixed assets		-	-
Net cash inflow / (outflow) from capital expenditure and financial investment		365	(319,980)
Increase / (decrease) in cash	24	136,958	(418,030)

St Luke's Hospice Plymouth

Accounting policies

Year ended 31 March 2007

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, except for investments, which are included at market value.

The Charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Charity's activities.

The consolidated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including the requirements of the SORP. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The Statement of Financial Activities, Balance Sheet and Cash Flow Statement consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate statement of financial activities has been presented for the Charity alone as permitted by Section 230 of the Companies Act 1985, and paragraph 397 of the SORP.

Change in accounting policy affecting prior year

In the prior year some costs in connection with the refurbishment of Pearn were treated as a mix of expenditure and deferred expenditure to reflect a rent-free period. Subsequent to the receipt of a capital grant of £300,000 in relation to the accommodation at Pearn, the trustees have decided it would be more appropriate to treat this expenditure as part of fixed assets. As a result the prior year has been adjusted to reflect this change in accounting policy. The restated deficit for 2005/06 is now £52,740 lower and the Balance Sheet is £52,740 greater, with fixed assets increased by £97,394 and debtors (deferred income) reduced by £44,654.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold land and buildings	4
Equipment and vehicles	33

Leasehold properties, improvements and premiums are depreciated over the period of the lease. Reverse premiums received on the taking over of leasehold properties are amortised over the remaining term of the lease.

Stocks/donated goods

Stocks are valued at the lower of cost and net realisable value. Donated goods sold in Charity shops are thus valued (and insured) at zero cost.

Investments

Listed investments, with the exception of shares in subsidiary companies, are carried at the closing market value prevailing at the balance sheet date. Unlisted investments are carried at cost, less any provision needed to recognise a diminution in value. The net unrealised gains or losses on the revaluation of investments are taken to the revaluation reserve.

St Luke's Hospice Plymouth

Accounting policies

Year ended 31 March 2007

Fund accounting

St Luke's Hospice has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

Restricted funds

Donations or bequests received which the donor earmarks for specific purposes. Such purposes are within the overall aims of the organisation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and the income therefrom may be utilised).

Designated funds

St Luke's Hospice may at its discretion set aside funds for specific purposes which would otherwise form part of the general reserves of the organisation. Specifically, St Luke's Hospice has set aside funds which represent the net book value of its buildings, a Revenue Reserve to protect against sudden dips in income, a fund for future building/development costs and a fund to expand "Care for Patients at Home". As such they are not readily available for other purposes.

Unrestricted funds

Funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

Income

Income is attributable to the principal activity of providing a service for the care of people suffering from terminal illness and related services and comprises donations, grants, education fees, fundraising and bequests.

Government and Local Authority grants

Government and Local Authority grants are taken to the Statement of Financial Activities on a receivable basis.

Donations and bequests

General donations are accounted for when received. Bequests are recognised when their entitlement, certainty and measurability have been established. Bequests in the form of investments or property are credited at the lower of probate or market value.

Lottery income

Money raised from lottery members is recognised as income only as it is applied to the draw.

Shop income

Money raised from the charity shops is recognised on receipt.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Resources expended

Resources expended are, where possible, allocated directly to one of the three cost centres for generating funds, the five services, or the governance costs in line with SORP 2005 requirements. Accommodation costs are apportioned on the basis of space used, and support costs are allocated directly where possible, and then apportioned on the basis of salary costs for the remaining costs. All expenditure is accounted for on an accruals basis.

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

1. Net incoming resources

Net incoming resources for the year are after charging:

	2007	2006
	£	£
Amortisation of leasehold property improvements	13,110	-
Depreciation of owned assets	278,339	293,474
Auditors' remuneration for audit services		
Charity	4,162	3,526
Subsidiary	3,919	4,196
Profit on disposal of assets	-	-
Rental of shop premises - operating leases	217,908	178,117
	<u>217,908</u>	<u>178,117</u>

2. Public sector funding

During the year the following grants were receivable by the Hospice:

	2007	2006
	£	£
NHS Trusts:		
Basic funding	352,160	549,037
For purchase of drugs	125,473	122,779
Section 28a Capital Grants	300,000	-
Lymphoedema Services	53,189	-
Share of Network Monies	415,647	410,647
To cover pension	30,111	29,377
Other	32,800	34,200
Social Services:		
Basic funding	32,606	31,966
Carer Grant	-	2,000
	<u>1,341,986</u>	<u>1,180,006</u>

3. Investment income

	2007	2006
	£	£
Income from property investments	2,988	8,168
Dividends from other investments	24,835	24,190
Interest receivable and similar income	19,893	35,585
	<u>47,716</u>	<u>67,943</u>

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

4. Net income from trading activities of subsidiaries

The Charity has one wholly owned trading subsidiary, which is incorporated in the UK. St Luke's Hospice Plymouth Trading Company Limited operates a chain of retail shops and a lottery. In addition to raising valuable funds, the shops play an important role informing the public about the work of the charity. The taxable profits of the company are paid by Gift Aid to St Luke's Hospice Plymouth and the company also pays interest on loans from St Luke's Hospice Plymouth. Audited accounts are filed with the Registrar of Companies. A summary of the trading results is shown below:

Profit and loss account	2007	2006
	£	£
Turnover	1,632,514	1,438,898
Cost of sales	(146,149)	(136,397)
Gross profit	1,486,365	1,302,501
Operating expenses	(946,439)	(825,378)
Operating profit	539,926	477,123
Interest payable	(5,000)	(5,000)
Interest receivable	2,142	5,189
Net trading profit	537,068	477,312
Gift Aid donation to St Luke's Hospice Plymouth	(547,759)	(473,495)
(Loss) / Profit on ordinary activities before taxation	(10,691)	3,817

Balance sheet	2007	2006
	£	£
Assets	277,688	397,918
Liabilities	(295,787)	(405,326)
Capital	2	2
Reserves	(18,101)	(7,410)

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

5. Analysis of total resources expended

	Employment Costs	Other	Depreciation	Total Funds 2007	Total Funds 2006 (restated)
	£	£	£	£	£
Patient care	(2,397,475)	(258,089)	(18,316)	(2,673,880)	(2,662,259)
Costs of generating funds	(709,400)	(625,740)	(42,523)	(1,377,663)	(1,191,867)
Housekeeping, maintenance, administration and finance	(741,171)	(320,379)	(230,610)	(1,292,160)	(1,142,434)
	(3,848,046)	(1,204,208)	(291,449)	(5,343,703)	(4,996,560)

Employment costs include payments made to the staff permanent health insurance scheme and training costs.

6. Trustees' remuneration, staff numbers and costs

The aggregate payroll costs were as follows:

	2007 £	2006 £
Wages and salaries	3,392,028	3,212,720
Social Security	256,528	236,226
Pension costs	199,490	203,053
	3,848,046	3,651,999

Trustees did not receive any remuneration for their services as trustees, or reimbursement of their expenses, during the year.

The average number of full and part time employees and consultants during the year was 201 (2006: 186).

The full time equivalent staff numbers were as follows:

	2007 f.t.e	2006 f.t.e
Clinical and direct care	69	68
Direct Support (hotel services)	20	19
Office and Administration	24	23
Fund generating teams	45	39
Total staff	158	149

The number of employees whose emoluments during the year were above £50,000 is as follows: within the £60,000 to £70,000 band: 0 (2006:1), £70,000 to £80,000 band: 2 – (2006:2). Of these staff one was in the Hospice Group Personal Pension scheme, Hospice contributions were 7%, and the other was in the NHS Pension Scheme, a defined benefit scheme.

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

7. Support costs allocation

	Management	Finance	IT	HR	Total
Cost of generating funds					
Shop	-	16,043	2,890	-	18,933
Lottery	-	16,042	1,542	-	17,584
Fundraising and Publicity	8,346	5,143	16,295	15,841	45,625
Charitable activities					
In Patient Care	54,250	33,431	33,721	102,969	224,371
Community Services	22,952	14,144	14,389	43,564	95,049
Hospital services and medical opts	5,216	3,215	3,456	9,901	21,788
Education	6,260	3,857	3,859	11,881	25,857
Other Clinical Support	6,260	3,857	3,859	11,881	25,857
Governance costs	1,043	5,203	643	1,980	8,869
Total	104,327	100,935	80,654	198,017	483,933

Support costs were allocated on the following basis: costs were allocated directly where possible for IT items, and then apportioned on the basis of salary cost for the remaining costs.

8. Taxation

The company is a registered charity. As such it is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives provided that these profits and surpluses are applied solely for charitable purposes.

9. Pension scheme

The group provides a group personal pension scheme to employees, which is operated by Scottish Equitable. The scheme is of a defined contribution type. The cost of the contribution to the group scheme for the year was £89,278 (2006: £95,165). Some employees have continued membership of the NHS Pension Scheme. The cost of the group contribution to this scheme for the year was £103,925 (2006: £101,224).

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

10. Tangible fixed assets

Group

	Freehold land and buildings £	Equipment and furniture £	Shop fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2006 (restated)	4,761,999	687,710	99,090	112,568	5,661,367
Additions	282,509	57,796	15,422	5,495	361,222
Disposals			(200)		(200)
At 31 March 2007	5,044,508	745,506	114,312	118,063	6,022,389
Depreciation					
At 1 April 2006	1,423,057	589,194	57,807	100,234	2,170,292
Charge for year	179,740	78,295	23,952	9,462	291,449
Disposals			(200)		(200)
At 31 March 2007	1,602,797	667,489	81,559	109,696	2,461,541
Net book value					
At 31 March 2007	3,441,711	78,017	32,753	8,367	3,560,848
At 31 March 2006 (restated)	3,338,942	98,516	41,283	12,334	3,491,075

Charity

	Freehold land and buildings £	Equipment and furniture £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2006 (restated)	4,761,999	680,129	94,978	5,537,106
Additions	282,509	57,796	-	340,305
At 31 March 2007	5,044,508	737,925	94,978	5,877,411
Depreciation				
At 1 April 2006	1,423,057	582,549	91,837	2,097,443
Charge for the year	179,740	77,943	3,141	260,824
At 31 March 2007	1,602,797	660,492	94,978	2,358,267
Net Book value				
At 31 March 2007	3,441,711	77,433	-	3,519,144
At 31 March 2006 (restated)	3,338,942	97,580	3,141	3,439,663

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

11. Investments

Group

	Listed	Unlisted	Property	Total
	£	£	£	£
Valuation				
At 1 April 2006	884,563	55,000	258,000	1,197,563
Additions	40,232	-	-	40,232
Disposals	(80,934)	(55,000)	(264,737)	(400,671)
Revaluation	43,677	-	6,737	50,414
At 31 March 2007	887,538	-	-	887,538

Under historical cost principles, the historical cost of investments at 31 March 2007 was £615,734 (2006: £764,630).

The investment properties were sold in the year.

The investment of the Charity includes the 2 £1 shares in St Luke's Hospice Plymouth Trading Company Limited, a company incorporated in England and Wales, which represents the whole of the share capital.

The listed securities are administered by Gerrard Ltd. The portfolio is held as a long term investment. The composition of the portfolio is as advised by Gerrard Ltd based on operating instructions agreed by the Trustees. The listed securities are made up as follows:

	Government Stock	Direct Investments	Unit Trusts & Investment Companies	Total
	£	£	£	£
UK Investments	492,883	245,756	77,309	815,948
Overseas Investments	-	71,590	-	71,590
At 31 March 2007	492,883	317,346	77,309	887,538

No restrictions exist on the realisation of these assets. The following material investments were held at the 31 March 2007:

Holding	Investment	Market Value £
M&G Securities Ltd - Charifund Acc	663	93,982
UK Gov Stock 07/07/2011	80,000	77,309
Charinco/Charishar - Charishare Acc	7,146	71,914
Barclays Bank plc – Eurostoxx 50 Super II	40,000	43,790
Monks Investments	12,500	35,688
Royal Dutch Shell 'B' ORD euro 07	1,723	29,136
RTZ Corp Ord GBPO.10 (regd)	1,000	29,020
Barclays Ord GBPO.25	4,000	28,840
Ruffer Investment	24,940	28,619
Legg Mason Investment Funds Ltd	20,000	27,800
Royal Bank Scot GRP ORD GBPO.25	1,400	27,776
BP Ord GBPO.25	5,000	27,600
HSB Hldgs HKD10 (UK Reg)	3,000	26,685
GlaxoSmithKline ORD GBPO .25	1,800	25,146

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

12. Stock

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Goods for resale	6,578	4,282	800	-
Stationery stock	2,030	1,730	1,800	1,500
	8,608	6,012	2,600	1,500

13. Debtors

	Group		Charity	
	2007	2006	2007	2006
	£	(restated) £	£	(restated) £
Trade debtors	170,408	50,603	169,931	50,224
Amounts owed by group company	-	-	207,671	326,435
Taxation recoverable	26,824	62,136	22,972	58,873
Other debtors	4,523	2,274	1,369	1,470
Prepayments and accrued income	156,477	163,023	78,355	98,363
	358,232	278,036	480,298	535,365

Of the above amounts, £50,000 (2006: £50,000) owed from the company's subsidiary is due after more than one year. The loan is secured by a debenture with a fixed and floating charge.

14. Creditors - Amounts falling due within one year

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	204,952	184,122	124,401	113,897
Other taxation and social security	82,850	75,914	82,600	75,414
Accruals and deferred income	28,473	45,617	26,408	41,201
	316,275	305,653	233,409	230,512

15. Revaluation reserve

	2007
Group and Charity	
Balance at 1 April 2006	433,019
Realised gain on sale of investment property	(181,309)
Unrealised gain on revaluation of investment portfolio	43,677
Realised gain on disposal of investments, transferred to general fund	(23,583)
Balance at 31 March 2007	271,804

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

16. Fund balances

Group	Balance Brought Forward (restated)	Transfers	Incoming Resources	Resources Expended	Balance 31 March 2007
	£	£	£	£	£
Restricted Funds					
Building Funds	1,001,636	-	316,165	(61,471)	1,256,330
Other Funds	42,217		80,473	(44,651)	78,039
Network/Project Funds	85,309		702,799	(706,559)	81,549
	1,129,162		1,099,437	(812,681)	1,415,918
Designated Funds					
Building Funds	2,337,306	(33,656)	-	(118,270)	2,185,380
Revenue Reserve	1,536,000	(5,000)	-	-	1,531,000
	3,873,306	(38,656)	-	(118,270)	3,716,380
Revaluation Reserve	433,019	(204,892)	43,677	-	271,804
General Funds	7,760	243,548	2,534,810	(2,767,406)	18,712
Non-charitable trading	(7,410)	-	1,634,656	(1,645,347)	(18,101)
At 31 March 2007	5,435,837	-	5,312,580	(5,343,704)	5,404,713

The Hospice Building Fund is held at a level equivalent to the net book value of freehold land and buildings owned by the Hospice and is partly made up of restricted funds, being the monies raised under building appeals and a bequest. An amount equivalent to the depreciation on the buildings, £179,741 was expended out of this fund in the year and an amount equivalent to £282,509 was transferred into the fund representing the work to complete the Pearn site renovation.

There was a net transfer out of the Revenue Reserve of £5,000, giving a balance of £1,531,000. It is the intention of the Trustees to have sufficient funds in the revenue reserve to cover budgeted running costs less directly allocated costs of generating funds as part of its risk management strategy. The Revenue Reserve is now below that level.

Central government has allocated resources to go direct to Specialist Palliative care via the Cancer Networks. Some of these funds are restricted and the balance on these funds is held as Network/Project Funds. These funds also include the unspent amounts from other funded projects. The balance carried forward at the year end was £81,549.

Other restricted funds are held at a level equivalent to the net book value of capital goods bought with restricted funds plus the value of any donations for restricted purposes that remain unspent at the year-end.

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

17. Analysis of net assets between funds

Group	Tangible fixed assets £	Investments £	Other net assets £	Total £
Restricted funds				
Hospice Building	1,256,330	-	-	1,256,330
Network/Project funds	-	-	81,549	81,549
Other Funds	2,353	-	75,686	78,039
	<u>1,258,683</u>	<u>-</u>	<u>157,235</u>	<u>1,415,918</u>
Other funds/reserves				
Designated Funds	2,302,165	615,734	798,481	3,716,380
Revaluation Reserve	-	271,804	-	271,804
Unrestricted Funds	-	-	18,712	18,712
Non-charitable trading Funds	-	-	(18,101)	(18,101)
	<u>2,302,165</u>	<u>887,538</u>	<u>799,092</u>	<u>3,988,795</u>
Total	<u>3,560,848</u>	<u>887,538</u>	<u>956,327</u>	<u>5,404,713</u>

18. Financial commitments

At 31 March 2007 annual commitments under non-cancellable operating leases (shop premises) were as follows:

	Group		Charity	
	2007 £	2006 £	2007 £	2006 £
Expiring within one year	16,250	-	-	-
Expiring between two and five years	105,179	118,868	4,479	2,986
Expiring in over five years	194,800	162,500	80,000	80,000
	<u>316,229</u>	<u>281,368</u>	<u>84,479</u>	<u>82,986</u>

19. Contingent liabilities

There were no contingent liabilities at the year end.

20. Share capital

The company is limited by guarantee and is a registered charity. The registered office is in England.

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

21. Related party transactions

The following related party transactions took place in the year. All of these were arms length transactions. All trustees have declared an interest when appropriate.

Name	Role in Hospice	Related organisation	Role in related organisation	Value of transaction	Type of transaction
Gavin Price	Trustee & Chairman	Gerrards	Divisional Manager	£4,324	Administration of Hospice investment portfolio
Dr Mark Taylor	Trustee	Plymouth Hospitals NHS Trust	Consultant Anaesthetist	£238,993 income £24,560 expenditure	Secondments, PMS money, salary charges & electric testing.
Lindsey Wild	Trustee & Treasurer	Plymouth Teaching Primary Care Trust	Deputy Director of Finance (Capital & Estates)	£780,164 income £19,599 expenditure	NHS grant, salary recharges and Hazel House costs
Ann Broad	Trustee		Non Executive Director		

22. Income and expenditure account

	Continuing operations	
	2007	2006
	£	£
Income	5,216,289	4,568,059
Operating expenses	(5,343,703)	(4,996,560)
Operating Surplus	(127,414)	(428,501)
Investment Income	24,835	24,190
Realised investment gains in the year	7,885	25,706
Interest receivable and similar income	19,893	35,584
Excess of expenditure over income for the Year	(74,801)	(343,021)

The income and expenditure account is presented to ensure compliance with the Companies Act 1985. The major difference in the figures from those shown in the Statement of Financial Activities is that the interest and investment income have been separately disclosed and realised gains on the disposal of investments has been shown as part of the trading results of the Hospice.

Of the deficit for the financial year a deficit of £64,110 is dealt with in the accounts of St Luke's Hospice. The Trustees have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented an income and expenditure account for the company alone.

St Luke's Hospice Plymouth

Notes to the Accounts

Year Ended 31 March 2007

For Companies Act purposes the gross income of the Group is:

	2007 £	2006 £
Total Incoming Resources (per SOFA)	5,261,017	4,627,833
Realised investment gains in the year	7,885	25,706
Income for Companies Act purposes	<u>5,268,902</u>	<u>4,653,539</u>

23. Reconciliation of net (outgoing) resources to net cash inflow / (outflow) from operating activities

	Continuing operations	
	2007 £	2006 (restated) £
Continuing activities		
Net outgoing resources for the year	(82,686)	(368,727)
Depreciation on tangible fixed assets	291,449	293,474
(Increase) in stock	(2,596)	(1,292)
Investment income	(47,716)	(67,943)
(Increase) in debtors	(80,196)	(40,463)
Increase in creditors	10,622	17,725
Non cash movement between creditors and fixed assets	-	1,233
Net cash inflow / (outflow) from operating activities	<u>88,877</u>	<u>(165,993)</u>

24. Reconciliation of net cash to movement in funds

	2007 £	2006 £
Increase / (Decrease) in cash in the year	136,958	(418,030)
Change in net funds resulting from cash flows	136,958	(418,030)
Net funds at 1 April 2006	768,804	1,186,834
Net funds at 31 March 2007	<u>905,762</u>	<u>768,804</u>

25. Analysis of net funds

	2006 £	Cash Flow £	2007 £
Cash at bank and in hand	768,804	136,958	<u>905,762</u>

St Luke's Hospice Plymouth
Detailed Income and Expenditure Account
(Charity Only)

Year Ended 31 March 2007

	2007	2006
	£	£
Income		
Income from donations and fund raising	1,105,749	1,069,242
Gift Aid Donation – St Luke's Hospice Plymouth Trading Co Ltd	547,759	473,495
Bequests	791,678	609,072
Grant income	1,341,986	1,180,006
Contributions from patients	-	2,800
Interest and dividends	47,586	59,585
Education fees	137,450	97,547
Net income from property licences and rents	22,488	24,668
Food Income	35,859	33,403
Other income	168,064	128,924
	4,198,619	3,678,742
Expenditure		
In-patient, day care and social work salaries	2,372,988	2,343,304
Housekeeping and maintenance salaries	345,403	315,039
Fund raising salaries	211,146	179,657
Education salaries	26,617	26,120
Administration and finance salaries	364,922	337,072
Nursing supplies	160,506	165,708
Provisions	57,175	53,715
Laundry and cleaning	23,990	16,556
Light, heat and power	67,633	37,320
Insurance	37,652	30,918
Rent and rates	30,609	39,248
Telephone and postage	15,840	23,976
Advertising, printing books and stationery	21,153	26,354
Repairs and maintenance	107,327	71,621
Vehicle and travel expenses	54,703	56,108
Legal and professional	12,561	16,446
Fund raising expenses	85,350	36,124
Miscellaneous expenses	14,215	11,553
Depreciation	247,714	264,447
Amortisation of leasehold property improvements	13,110	-
	4,270,615	4,051,286
(Deficit) for the year before transfers between reserves	(71,996)	(372,544)

This page does not form part of the statutory financial statements, which are subject to the independent auditors' report on page 12.